

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2612 - SB 2506

March 6, 2016

SUMMARY OF BILL: Creates a pilot competitive grant program for rural and public charter schools. Defines a rural school as a school operated in a local education agency (LEA) that has less than 8,000 students.

Sets forth requirements for the usage of grants. Requires schools that wish to receive a grant to submit an application to the Department of Education (DOE). Schools on the priority or focus list in the preceding school year shall not be eligible to receive a grant. Sets forth guidelines that the DOE shall use when determining which schools will be awarded grants. Requires the public school to provide a matching amount from donations or from local government funding; this match will be set by the DOE and may vary from school to school. Authorizes the DOE to waive or reduce the amount of local match funding as it determines appropriate. Schools that do not use all of their state grant funding must return the unused portion back to the state.

Creates a fund to be known as the Charter and Rural Schools Facility Assistance Fund (CRSFAF) to be administered by the State Treasurer. Funds in this account shall be used for the rural and charter school grant program. Prohibits more than \$25,000,000 from being appropriated by the General Assembly in FY16-17. If funds are appropriated by the General Assembly in FY16-17, the pilot program shall begin and shall continue until the funds appropriated in FY16-17 are disbursed, unless the General Assembly chooses to appropriate additional funds in FY17-18 and subsequent years.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – Exceeds \$1,000,000/Charter and Rural Schools
Facility Assistance Fund**

**Increase State Expenditures – Exceeds \$1,075,000/General Fund
Exceeds \$1,000,000/Charter and Rural Schools
Facility Assistance Fund**

Assumptions:

- Given there is no termination date established for the proposed pilot program, it is assumed the pilot program will exist into perpetuity.

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- The Department of Education will require one additional education consultant position to oversee the pilot grant program. This position will require a recurring increase in state expenditures of \$75,000 for salary and benefits.
- The General Assembly would need to appropriate an amount of funding, estimated to be at least \$1,000,000 for grants each year, in order to fulfill the purpose of providing grants for rural and public charter schools as specified by the bill.
- The total recurring increase in General Fund expenditures is estimated to exceed \$1,075,000 (\$75,000 + \$1,000,000).
- There will be a recurring increase in revenue of at least \$1,000,000 and a corresponding increase in expenditures of at least \$1,000,000 to the Charter and Rural Schools Facility Assistance Fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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